

## **CANADA GENERAL INFORMATION ON TAX AND REGULATIONS**

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<http://www.buyusa.gov/canada/en/commercialofficeottawa.html>

### **Trade Barriers**

U.S. businesses exporting U.S. origin goods into Canada are not required to pay duties. The North American Free Trade Agreement (NAFTA) eliminated all duties on goods that meet NAFTA rules of origin. U.S. companies must ensure that the products exported into Canada are accompanied with a completed NAFTA certificate of origin in order to take advantage of NAFTA provisions.

### **Taxes**

As of January 1, 1991, the Goods and Services Tax (GST) replaced the Canadian Federal Sales Tax. The 7 percent GST is a multistage sales tax that effectively eliminates tax on all business inputs; in Quebec the GST is called the TPS. It is applied on a value-added basis at each resale level. The GST is a consumer tax, not a business tax, and is similar to the Value Added Tax (VAT) in other countries. It is applied to all goods and services sold in Canada. The Canada Revenue Agency assesses and collects the GST at the point of entry. If the U.S. company is the importer of record, it will be required to remit the GST to the Canadian government. Alternatively, the GST will be charged to the Canadian client. The 15 percent Harmonized Sales Tax (HST) replaces the GST and Provincial Sales Tax (PST) for goods sold in Nova Scotia, New Brunswick and Newfoundland & Labrador. As a side note, if you are a visitor in Canada, there is a rebate form, which can be filled in. For further information on the GST, please go to the Canada Revenue Agency website: <http://www.ccr-aadrc.gc.ca/tax/business/topics/gsthst/menu-e.html>

With regards to the PST, the Ontario government has an agreement with the federal government through Canada Revenue Agency; other provinces operate their PST similarly. Canada Revenue collects the PST either at the border or at a postal outlet. The customer (whomever is receiving the goods) pays the PST at this time. The PST is a sales tax ultimately passed onto the end user. If the customer collecting the PST is not the ultimate end user, this Canadian distributor/retail outlet is registered with the government as a vendor and can charge/collect the sales tax. [Some U.S. companies are also registered and they can charge/collect sales tax making it easier for their Canadian partners]. This company will claim a refund for the PST and in turn charge the final customer the sales tax. For further information on the PST for Ontario, you can review Goods Brought into Ontario (Guide #202) on the following website: <http://www.trd.fin.gov.on.ca> -> click on forms and publications then conduct a search for Guide #202.

### **Labeling**

U.S. companies should note that all labels must be in both official languages (English and French). For detailed information on packaging and labeling requirements, read the "Guide to the Consumer Packaging and Labeling Act and Regulations" at Industry Canada's website: <http://strategis.ic.gc.ca/epic/internet/incb-bc.nsf/vwGeneratedInterE/cp01007e.html>

Please find the Web link to Industry Canada's Labeling Assessment Tool at: <http://strategis.ic.gc.ca/epic/internet/incb-bc.nsf/vwGeneratedInterE/cp01035e.html>

U.S. companies should also be aware of the differing labeling requirements for goods sold in the province of Quebec. All products, services, warranty certificates, and directions must be provided in French and French must be given at least equal prominence as other languages on any packaging. For further information on language requirements, contact:

Office de la Langue Francaise  
Tour Place Victoria, 16th Floor  
P.O. Box 316, Montreal Quebec, Canada H4Z 1G8  
Tel: (514) 873-6565 Fax: (514) 873-3488  
Website: <http://www.olf.gouv.qc.ca/english/infoguides/index.html>